

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
August 8, 2002

TRUSTEES PRESENT

Ms. Kathryn S. Matayoshi, Chairperson Mr. Gerald Machida
Ms. Audrey Hidano

TRUSTEE ABSENT

Mr. James Williams

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. Mark Fukuhara, Administrator	Ms. Gerti Reagan, Consultant
Mr. Tracy Ban	Ms. Shirley Kawamoto
Ms. Lynette Fukunaga	Mr. Gary Sanehira

OTHERS PRESENT

Ms. Jean Aoki, HSRTA	Ms. Karen Momono, Royal State Group
Mr. George Butterfield, HSTA-Retired	Mr. Maurice Morita, HSTA
Ms. Alana Deppe-Mariota, Kaiser	Ms. Sarah Moriyama, ORTA
Ms. Elaine Fujiwara, HDS	Ms. Kären Muronaka, HSTA-Retired
Mr. Calvin Hutton, Ceridian Employer Services	

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 9 a.m. by Chairperson Kathryn Matayoshi in the Department of Business, Economic Development and Tourism Conference Room 436, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Thursday, August 8, 2002.

II. APPROVAL OF MINUTES

MOTION to approve the minutes of June 4, 2002 as submitted. (Hidano/Machida)

Discussion: None.

Vote: Unanimously passed.

III. REPORTS

A. Administrator

Mr. Fukuhara had no report for this meeting, but will have several items to report on at the August 22, 2002 meeting such as: 1) cost estimates relating to the Gartner Group's report recommendations, as well as the scope of work for a consultant to upgrade the HFIMS; 2) update on staffing; and 3) other items.

B. Attorney General

Mr. Aburano commented that he had reported and distributed several memoranda to the Board for their review including third-party administrator.

IV. UNFINISHED BUSINESS

A. TPA vs. In-house Administration

1. Request for Information and Responses

The RFI was sent to 25 prospective firms, of which 12 firms responded positively. Of the 12, 3 firms have a presence in Hawaii.

Cost estimates were not included on the RFI. Garner Consulting was asked for information on TPAs to get an idea of costs. Based on a project in which Garner assisted a client going through the RFP process to outsource benefits and payroll, for the benefits portion only, implementation costs, which included interfaces, call center and handling eligibility for 28,200 employees, ranged from \$400,000 up to \$1,400,000. In addition to the implementation fee, annual fees based on participant fees per month ranged from \$1,500,000 up to \$2,250,000. First year costs ranged from \$2,900,000 to \$4,020,000. Their timeframe of 18 months was considered aggressive and tight.

MOTION was made to recommend to the Board not to proceed with the next steps on the RFP for TPA at this time, but revisit the issue in December 2002 after the benefit plans have been selected for implementation for plan year 2003-2004, and that actions taken to support HFIMS will mean that business will not be conducted as usual. (Machida/Matayoshi)

Discussion: Issues are the availability of funding, the ability to enter into a contract when funds are not available, and compressed timeline. Proposals would need to be very detailed, and the cost to develop and issue an RFP was estimated at \$30,000 plus expenses. In addition, there are no funds in the current year budget to pay a TPA. The Board will need to establish long-term plans and address the two options: 1) whether to upgrade our version of PeopleSoft and continue administration in-house; or 2) whether to go with a third-party administrator.

Vote: Passed, Trustee Hidano voted yes with reservations.

2. Presentations by Interested TPAs

The Committee agreed to hold off on contacting the 12 interested firms until after the August 20, 2002 Board meeting.

V. NEXT MEETING

The next meeting of the Administrative Committee is scheduled for August 22, 2002, 9 a.m., in No. 1 Capitol District Building, Executive Office on Aging, Conference Room 410.

VI. ADJOURNMENT

MOTION to adjourn. (Machida/Hidano)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 10:17 a.m.

Respectfully submitted,

Kathryn Matayoshi, Chairperson

APPROVED on October 9, 2002.

DOCUMENTS DISTRIBUTED:

1. Minutes for June 4, 2002. (4 pages)
2. Summary of Response to Request for Information. (3 pages)
5. Approved Minutes for May 17, 2002. (4 pages)
6. Approved Minutes for May 31, 2002. (3 pages)